

KENT COUNTY WATER AUTHORITY

BOARD MEETING MINUTES

July 19, 2012

The Board of Directors of the Kent County Water Authority held its monthly meeting in the Joseph D. Richard Board Room at the office of the Authority on July 19, 2012.

Chairman, Robert B. Boyer opened the meeting at 3:30 p.m. Board Members, Mr. Gallucci, Mr. Giorgio, Mr. Inman and Mr. Masterson were present together with the General Manager, Timothy J. Brown, Technical Service Director, John R. Duchesneau, Director of Administration and Finance, Jo-Ann Gershkoff and Legal Counsel, Maryanne Bevans, Esq. Board Member Gallucci led the group in the pledge of allegiance.

The minutes of the Board meeting minutes of June 21, 2012 were moved for approval by Board Member Giorgio and seconded by Board Member Masterson and were unanimously approved.

Guests:

3:30 LaPlante Sowa Goldman, Attorney at Law:

Attorneys Brian LaPlante, John A. Pagliarini, Jr. and Ronald M. LaRocca of the law firm of LaPlante Sowa Goldman appeared before the Board with respect to the RFP for general Legal Counsel for Kent County Water Authority.

Mr. Pagliarini opened by stating that the law firm is a good fit for Kent County Water Authority given that the firm provides real estate litigation services and is familiar with the rules and procedures of Kent County Water Authority and that Mr. Pagliarini has appeared before the Board many times. Therefore, the transition of General Legal Counsel would be smooth.

Mr. Pagliarini opined that although Joseph J. McGair, Esq. has vast institutional knowledge of Kent County Water Authority, his law firm also possesses this institutional knowledge. Mr. Pagliarini has been involved in Kent County government throughout the years by serving as Tax Assessor for the Town of West Warwick, Town Planner for the Town of West Greenwich and is familiar with the Kent County Water Authority service area. Mr. LaPlante informed the Board that he is from Scituate and his wife from Coventry and he is also familiar with Kent County Water Authority and has the requisite institutional knowledge of the Authority.

The law firm is comprised of a group of attorneys and paralegals and is serious about their endeavors. The firm is involved in governmental law and represents housing authorities and real estate owners. The firm would provide excellent legal services to

Kent County Water Authority and would always make itself available to the Authority. Further, there would be continuity in service and the firm is familiar with the challenges of Kent County Water Authority including the PUC.

Mr. LaPlante informed the Board that he tries cases in all courts in Massachusetts and Rhode Island. He has transactional experience and cited contract law and labor relations, including negotiation of union contracts, as examples.

Mr. LaRocca has experience with the Department of Labor and Training and possesses in depth knowledge of open meetings law. He authored an article on open meetings law for attorneys.

Mr. Pagliarini has much experience with real estate law including easements, boundary disputes and Mr. LaPlante instructs other attorneys in real estate law. The firm handles issues from real estate to Federal taxation and the combined knowledge of the firm is beneficial with respect to many areas of law.

Mr. Pagliarini inquired with respect to the rate for legal services. Mr. LaPlante stated that the firm can bring great value to Kent County Water Authority with respect to the rates of the firm. Mr. Pagliarini stated that the firm would provide legal services at the current rate paid to Petrarca and McGair, Inc. Board Member Masterson inquired of any existing conflicts (litigation) with Kent County Water Authority. Mr. Pagliarini stated that there is one case (conflict) concerning an appeal to the PUC with respect to a high service issue in West Greenwich. The General Manager informed the Board that this is an elevation issue. Mr. Pagliarini informed the Board that he anticipates resolution of the issue the week of July 23, 2012 and will provide an expert to furnish the necessary information to resolve the matter.

Further inquiry was made with respect to representation of Centre of New England. Mr. LaPlante stated that the firm does not provide any further service to Centre of New England as it has in-house legal counsel. Board Member Inman inquired of Mr. Pagliarini the definition of "institutional knowledge". Mr. Pagliarini stated that the Kent County Water Authority was founded in 1946 and created by the legislature. There are 26,000 rate users in eight communities in Rhode Island. There are approximately 2,500 fire hydrants. Kent County Water Authority has a \$20 million budget. Kent County Water Authority is non-union. Water consumption has been down for the past 6 to 7 years. The current issues of Kent County Water Authority include the high service area gradient and the distribution issue in Arctic (West Warwick) where pipes are undersized.

The Chairman concurred with the suggestion of Board Member Inman to discuss the law firm rate for legal services. (Mr. Watson excused himself from the meeting during the rate discussion.)

Mr. Pagliarini stated that the firm would provide a blended rate to wit, \$160.00/hour for attorneys for every type of legal services and \$120.00/hour for support

staff such as paralegals and clerical. Mr. Pagliarini stated that he bills out at twice the rate of \$160.00/hour.

Board Member Masterson inquired of Mr. Pagliarini's opinion on Big River and surface storage. Mr. Pagliarini opined that Big River is an opportunity to sink wells but cost prohibitive for a reservoir. Mr. Pagliarini stated that he has vast experience with rules and statutory writing and zoning and land use codes. Board Member Masterson requested that Mr. Pagliarini return to the discussion of Big River. Mr. Pagliarini stated that they tried to build a reservoir, however, it was cost prohibitive for the original plan to be built. The General Manager commented on the taking and Board Member Masterson commented on the study issue. Mr. Pagliarini concluded that the opinion of Kent County Water Authority (as to Big River) is the opinion of their law firm and that the mission of their firm is to protect Kent County Water Authority with respect to open meetings violation and that their firm would take the "bullet" for Kent County Water Authority.

4:00 pm. Robert Watson, Esq.

Mr. Watson stated that his strengths include the ability to be improvisational. He thanked the Board for the opportunity to have his credentials reviewed by the Board. He stated that the goal of Kent County Water Authority is to provide quality and plentiful drinking water.

Mr. Watson has practiced law for 25 years. He stated that his colleague, Charles Wick, Esq., was absent from the meeting as he was appearing before the Bankruptcy Court. Katherine Padula, Esq. also practices with Mr. Watson. Mr. Watson informed the Board that Stanley Wick, Esq. used to head up the Water Resources Board. The firm has a combined 63 years experience in law. Mr. Watson's primary function is litigation. Mr. Watson is versed in the area of access to open records and open meetings law. Mr. Watson has served for and represented three primary communities of the Kent County Water Authority service area to wit, East Greenwich, West Greenwich and Warwick. With respect to West Greenwich, he secured passage of the Big River Act.

Mr. Watson stated that 90% of the water supply comes from the Providence Water Supply Board and he thought the July 19, 2012 Providence Journal editorial took an unfair "shot" at Kent County Water Authority and that if he was the attorney for the Board, he would reply in writing to the editorial as the Board of Kent County Water Authority does not receive the level of appreciation that it deserves.

Due to Mr. Watson's political background, he knows the representatives and officials that serve the various communities and an attorney needs to interface with the representatives and officials of the communities. The constituents of Kent County Water Authority are the customers. Mr. Watson has good communication with his constituents therefore, he would communicate well with the customers of Kent County Water Authority.

Mr. Watson would attend all Board meetings and would be the primary attorney for the Board and make Kent County Water Authority his primary client. Mr. Wick would serve as back up for Mr. Watson if he was unable to attend a Board meeting. Mr. Watson also provides labor and entertainment law services. Mr. Watson and his colleagues also provide corporate law services and Mr. Watson is familiar with bankruptcy law.

Mr. Watson reiterated to the Board that he would make himself available for all of the Board meetings and in rare circumstances, Mr. Wick would attend in the event of Mrs. Watson's absence. Mr. Watson further stated that he has no conflicts with Kent County Water Authority.

Mr. Watson stated that providing accurate minutes of the Board meeting is an important role of the General Counsel. With respect to the issue of the Board engaging a stenographer to record the Board meeting minutes, he cautioned that stenographic and tape recordings are subject to the open records law. Any candor of the Board would be captured in stenograph and tape. Mr. Watson would record the meetings in the form of minutes and provide assistance with rate litigation.

Mr. Watson stated that he is friendly with Thomas Ahern. Mr. Watson possesses rate case expertise on both the PUC and appellate (Superior Court) level. Therefore, the Board would not have to bifurcate the regulatory and General Counsel roles. Mr. Watson has great respect for Joseph J. McGair, Esq. and is prepared to provide legal services at the same rate as Joseph J. McGair, Esq. Mr. Watson noted that he served with Mr. McGair in the senate. Mr. Watson is no longer serving in the legislature and retiring after 24 years of service. Mr. Watson views serving as General Legal Counsel for Kent County Water Authority as a new challenge.

The Chairman inquired if Mr. Watson was aware of the rates of Joseph J. McGair, Esq. Mr. Watson replied in the affirmative. Mr. Watson is prepared to work at \$150.00/hour. If the Board requires a fixed rate for all legal services for the year then a reasonable fixed rate could be negotiated. Mr. Watson also has a private practice whereby he practices domestic and criminal law.

The Chairman inquired if Mr. Watson considered a flat (or fixed) rate. Mr. Watson used the example of two hours per day, five days a week or ten hours per week for one year. Mr. Watson calculated a flat (annual) rate of \$79,000. However, if Mr. Watson were to agree to a flat rate he would want to perform all of the legal work of Kent County Water Authority including regulatory counsel. Mr. Watson stated that he is comfortable with working with the DPUC and is prepared to go to Superior Court on an appellate level.

Board Member Inman inquired of Mr. Watson as to the depth of his institutional knowledge of the Board. Mr. Watson stated that the mission of Kent County Water Authority is to provide quality water to its customers. He stated there are 430 miles of infrastructure and most of the water supply is derived from the Providence Water Supply

Board. The fire hydrants are a big concern. Mr. Watson noted the prospective competition with Quonset with respect to the East Greenwich well. Mr. Watson continued by stating that Kent County Water Authority produces in excess of 8 million gallons during the summer months. He also noted the Mishnock treatment plant.

Mr. Watson reiterated that he is mindful of the mission of Kent County Water Authority and the public pays little attention to Kent County Water Authority until water availability is compromised. Once compromised, the public eye is on the Board.

In closing, Mr. Watson noted the study of Kent County Water Authority by the General Assembly and the unsung work of the Board of Kent County Water Authority. He proffered that he is a very satisfied customer of Kent County Water Authority.

5:00 p.m. Lynch and Greenfield, LLP

Thomas Lynch, Esq. of Lynch & Greenfield appeared before the Board on behalf of the law firm. Mr. Lynch informed the Board of his credentials including service as General Counsel for Ocean State Physicians from 1984-1991. He has DPUC experience with private clients however, he has not appeared before the DPUC with respect to rate hearings and water charges. He stated that PUC rate cases are not much different from physician rate cases.

Mr. Lynch served as underwriters Legal Counsel for bonds in the late 1990's and served as assistant City Solicitor in the communities of Warwick, North Kingstown and Exeter. Mr. Lynch has much experience in serving as General Counsel and knows Mr. Ahern and Mr. Germani. Mr. Lynch concluded by stating that he has been practicing law many years and has been involved in politics for many years.

LEGAL MATTERS

Harris Mills

The company has gone into receivership. Kent County Water Authority is owed \$3,676.58. Legal Counsel will monitor for proof of claim filing. A permanent receiver was appointed. A proof of claim prepared and forwarded to the General Manager for signature on September 17, 2008 and will be filed in the Kent County Superior Court and sent to the receiver. Proof of Claim was filed and sent to Receiver on September 19, 2008. The proof of claim deadline was December 1, 2008. Legal counsel will continue to monitor for payment on claim. As of May 12, 2009, there has been no change in status. Petition to sell was filed by Receiver in Kent County Superior Court on June 5, 2009. Offer to property made which will allow for partial payment of claims. Legal Counsel will monitor progress of sale.

There has been no further progress regarding the sale of the Harris Mill complex in the receivership matter. Legal Counsel to contact the Receiver for a status report. New offers to purchase have come in which could allow Kent County Water Authority

claim in this matter to be paid out of the receivership proceeds. As of September 14, 2009 the previous offer did not materialize. A new offer is being pursued. Legal Counsel will continue to monitor the progress of the sale. The receivership case is in the Supreme Court. On October 1, 2010 the Court approved the sale of the property and the allowed disbursements including payment of Kent County Water Authority bill. This office will continue to monitor payment. On May 13, 2011 Legal Counsel sent a letter to Counsel for potential buyer inquiring as to the status of the sale. Legal Counsel followed up with counsel for Buyer on June 14, 2011 regarding response to May 13, 2011 correspondence. On July 18, 2011 Legal Counsel was informed by Buyer's Counsel that the sale is on hold pending resolution of Supreme Court Appeals in receivership case. There has been no further word as of April 18, 2012. Legal Counsel forwarded correspondence to Attorney for Buyer on April 17, 2012 for status report. As of July 18, 2012 no response has been received and awaiting Supreme Court decision. The Chairman suggested that monitoring of this matter by Legal Counsel be placed on hold given the value of the claim of Kent County Water Authority.

Hope Mill Village Associates

The company is in receivership. Kent County Water Authority is owed \$1,632.44. Legal Counsel to prepare and file Proof of Claim. Proof of Claim was prepared and was forwarded to the General Manager for signatures. Proof of Claim was filed in Kent County Superior Court and was sent to the receiver on August 28, 2008 and as of this date this case is still pending. Hope Mill filed Chapter 11 Bankruptcy on August 20, 2008. Kent County Water Authority was not listed as a creditor. The proof of claim was prepared and signed by the General Manager on November 14, 2008 and was filed with the Bankruptcy Court on November 18, 2008. The proof of claim filing deadline was the end of November, 2008. Pursuant to the plan of reorganization filed by Debtor on November 22, 2008, Kent County Water Authority will be paid in full upon confirmation of the plan by the Bankruptcy Court and Legal Counsel will continue to monitor. As of February 17, 2009 the Court has not scheduled a hearing for confirmation of plan. Debtor will be filing an Amended Plan in March 2009. Legal Counsel will continue to monitor. As of July 16, 2009 the Debtor has not filed an Amended Plan.

The Bankruptcy Court hearing was to be held on August 19, 2009 regarding a motion filed by Hope Mill to convert Chapter 11 to Chapter 7. Legal counsel will monitor the hearing and how the disposition of the hearing will affect the claim of Kent County Water Authority. The hearing was held on December 17, 2009. Assets purchased pursuant to Asset Purchase Agreement. Kent County Water Authority charges to be paid pursuant to Asset Purchase Agreement. Legal Counsel will follow up regarding timetable of payment to Kent County Water Authority. Legal Counsel spoke with Attorney DeAngelis on February 17, 2010 for status on payment to Kent County Water Authority.

Legal Counsel spoke with Attorney DeAngelis on May 13, 2010 and Mr. DeAngelis stated that a final closing has yet to be scheduled, but should be scheduled in the near future. There has been no progress on scheduling a closing as of April 18,

2012. Legal Counsel forwarded correspondence to Attorney DeAngelis on April 17, 2012 requesting status. Attorney DeAngelis was replaced by Attorney Indeglia and correspondence was sent to Attorney Indeglia on May 2, 2012 requesting status. The Chairman suggested that monitoring of this matter by Legal Counsel be placed on hold given the value of the claim of Kent County Water Authority.

West Greenwich Technology Tank/Rockwood

This matter may be in litigation in that Rockwood Corporation had failed to take any steps and continually denied Kent County Water Authority efforts to take any steps in the painting issues inside of the tank and on February 16, 2009 their surety, Lincoln General Insurance Company, denied the claim as well. The matter was reviewed between the General Manager and Legal Counsel. Rockwood sent a proposal to Legal Counsel on March 31, 2009 and the General Manager weighed the same and a response was sent to Rockwood on April 24, 2009. On May 2, 2009 Rockwood sent another proposal and the General Manager responded to the same on May 8, 2009 requesting a written remedial plan proposal within ten days. On May 8, 2009 Rockwood responded by asking the General Manager to reconsider his position. On May 12, 2009 the General Manager sent correspondence to Rockwood stating the Authority will await Rockwood comments to KCWA letter of May 8, 2009. On May 13, 2009 Rockwood provided an additional response to the KCWA letter of May 8, 2009 with questions. On May 13, 2009 the General Manager sent correspondence agreeing to provide Rockwood with more time to complete a plan of remediation for an additional 10 days. On May 14, 2009, Rockwood sent a response and the General Manager, Merithew and Rockwood to have an informal meeting to work out details. The meeting took place and the Authority is monitoring the efforts of Rockwood to remedy the situation. The tank was recently dry inspected and the vendor remediated the same. Kent County Water Authority is awaiting final inspection of the tank with respect to the remediation. Rockwood has performed work at the site and it is necessary to have a final inspection after the tank has been filled. The tank has been filled and inspection is moving forward. This has been concluded. However, inspection followed which disclosed that there were more paint issues. On July 22, 2010, Legal Counsel notified the Bonding Company regarding action to correct. This will be further discussed by the General Manager in IFR projects. This matter is being discussed which may include litigation and KCWA is awaiting final restoration plans from the vendor. On March 16, 2011 and March 17, 2011, the General Manager received email communications from Rockwood requesting KCWA response to Rockwood performing its February 18th proposal on March 21, 2011. Further, the email stated that Mr. Northrop is no longer with Lincoln and provided an alternate contact for forwarding of the claim of KCWA.

On March 29, 2011 Legal Counsel sent correspondence to Mr. Northrop's successor, Paul Poppish pursuant to Mr. Law of Rockwood. After receiving no reply, Legal Counsel sent a follow up letter to Mr. Poppish on April 13, 2011. On May 16, 2011, Legal Counsel called Lincoln General and Mr. Poppish is no longer with the company and was directed to Mr. Bob Griffith and Legal Counsel spoke with him and was asked to send the correspondence to him which was accomplished on even date.

No response was received from Mr. Griffith and Legal Counsel sent a follow up letter on June 9, 2011.

On July 14, 2011 Legal Counsel had a telephone conference with Bob Griffith from Lincoln General who stated that he would get something out to Legal Counsel the beginning of the week of July 18, 2011 and a letter was received on July 17, 2011 stating that he would discuss it with his insured and would respond thereafter. On August 5, 2011, Legal Counsel sent a follow up letter to Mr. Griffith since no response was received. A second follow up letter was sent to Mr. Griffith on November 16, 2011 since there has been no response.

A complaint was filed in Kent County Superior Court and served on Defendants Rockwood Corporation and Lincoln General Insurance Company on February 23, 2012. Defendants requested an extension to answer per Stipulation and their answer was due April 2, 2012 and was received by Legal Counsel on April 2, 2012. Mediation of this matter is scheduled for June 29, 2012 and Legal Counsel forwarded a mediation statement to the Mediator, Matthew T. Oliverio on June 22, 2012 and the mediation was held on June 29, 2012. As a result of the mediation, Kent County Water Authority is to receive \$80,000. Rockwood's initial offer was \$20,000. Legal Counsel is awaiting the final documents from Attorney Campbell to finalize.

Spectrum Properties, The Oaks, Coventry, Rhode Island

Legal Counsel for the developer forwarded on July 13, 2009 to Kent County Water Authority Legal Counsel for comment on the proposed form of easement deeds with respect to the residential subdivision. On July 29, 2009, Legal Counsel for Kent County Water Authority sent a response to Attorney William Landry setting forth comments to the proposed form of deeds. Legal Counsel received revised deeds from Attorney Landry on September 10, 2009 and they have been forwarded to the General Manager for review and have been approved by the General Manager. On September 24, 2009, Legal Counsel forwarded to Attorney Landry correspondence stating that the form of easement deed has been approved by Kent County Water Authority and for Attorney Landry to forward the original executed deeds to Kent County Water Authority for execution of acceptance. Legal Counsel has not received the deeds to date therefore Legal Counsel forwarded status inquiry correspondence to Attorney Landry on November 18, 2009. Attorney Landry replied to Legal Counsel on November 23, 2009 stating that the developer is in the midst of scheduling a final approval hearing with the Town and Attorney Landry will provide Legal Counsel for KCWA with the anticipated timetable for final approval and recording of the deeds upon Mr. Landry's receipt of this information.

Legal Counsel was pursuing Attorney Landry for status of his receipt of timetable for municipal approvals. Legal Counsel telephoned Attorney Landry and left a voicemail message as to status and subsequently forwarded correspondence to Attorney Landry on March 11, 2010. On May 11, 2010, Legal Counsel forwarded subsequent

correspondence to Attorney Landry inquiring as to the status of the matter. The Developer contacted Legal Counsel directly and informed her that final approvals have not been received. Sanford J. Resnick, Esq. forwarded correspondence on September 17, 2010 to the Chairman informing of his representation of the developer and a request to appear before the Board to discuss inspection fees.

Mr. Resnick appeared at the May 19, 2011 Board Meeting and the staffs are working together with the Developer and Legal Counsel. Mr. Resnick will draft agreements with respect to flushing and constructing the water line. On August 15, 2011 Legal Counsel left a message with Mr. Resnick for status update and as of July 19, 2012 Legal Counsel has not received a response. The Chairman suggested that Legal Counsel forward correspondence to Mr. Resnick as to the status of this matter.

DPUC – Gregory Decubellis

Legal Counsel received from the DPUC on March 12, 2012 an entry of appearance for John A. Pagliarini.

There was a meeting between the parties on April 30, 2012 at the offices of Kent County Water Authority which said meeting was recommended by the hearing office prior to commencing discovery. This matter is scheduled for hearing on July 25, 2012.

Director of Finance Report:

Jo-Ann Gershkoff, Finance Director, explained and submitted the financial report. Statement of Revenues, Expenditures and Change in Fund Balance as of May, 2012, Cash Location FY 2011-2012 and Cash Receipts and Disbursements FY 2011-2012 attached as “A”, and after thorough discussion with regard to the sales and revenue. The restricted accounts were all funded for the period and collections have exceeded forecasts.

Board Member Gallucci moved and seconded by Board Member Masterson to accept the reports and attach the same as an exhibit and that the same be incorporated by reference and be made a part of these minutes and it was unanimously,

VOTED: That the financial report and Statement of Revenues, Expenditure and Change in Fund Balance as of May, 2012, Cash Location FY 2011-2012 and Cash receipts and Disbursements FY 2011-2012 attached as “A” be approved as presented and be incorporated herein and are made a part hereof.

Point of Personal Privilege and Communications:

The Chairman appreciated the get well card from the Board Members and staff and employees of Kent County Water Authority. Board Member Masterson stated that it was good to have the Chairman back.

Board Member Gallucci suggested that Kent County Water Authority respond to the July 19, 2012 Providence Journal editorial. The Chairman suggested if the editorial becomes an issue, then respond at a later date.

GENERAL MANAGER/CHIEF ENGINEER'S REPORT

Old Business:

Bond Refinancing (Status)

The General Manager informed the Board that the bond closed on July 18, 2012 and the funds transferred. The bond transaction results in large savings. The bond announcement was forwarded to all media without response.

Fiscal Year 2012/2013 Legal Services Selection

The General Manager informed the Board that it needs to make a selection for legal services for 2012/2013. The Chairman stated that in the past Kent County Water Authority engaged separate attorneys for General Counsel and rate filings. The Chairman expressed his preference for separate attorneys.

Board Member Inman suggested the proposal of Mr. Watson (@\$150/hour) subject to separate negotiation for a flat rate. Board Member Masterson and Board Member Inman expressed reservation with the law firm of LaPlante Sowa Goldman.

Board Member Gallucci was disappointed at the few number of responses to the RFP. He stated his reservations with Mr. Watson in the event Mr. Watson was sanctioned in the future given prior incidents. Board Member Inman stated that there are no charges pending in Rhode Island and if sanctioned, Mr. Watson would be removed at that time.

The Chairman opined that the RFP may have reduced the number of candidates to apply given the regulatory component and reiterated that two separate counsels are preferable.

Board Member Inman expressed concern with LaPlante's "blended" rate to wit, \$160.00 for lawyers and \$120.00 for support staff.

Board Member Masterson stated that LaPlante Sowa Goldman is verse in real estate law however, the Board has had contentions in the past with Mr. Pagliarini. Further, Mr. Pagliarini did not demonstrate knowledge of Big River and Mr. Pagliarini was the West Greenwich Town Planner. Board Member Masterson also stated that Mr. Watson is a litigator and a litigator is required by KCWA.

Board Member Giorgio stated that the presentation of LaPlante Sowa Goldman was superior to the other candidates and would add more experience as Legal Counsel despite the blended rate. He further stated that LaPlante Sowa Goldman spent a lot of time with respect to their institutional knowledge of Kent County Water Authority. Board Member Inman countered that Mr. Watson's proposal includes 60+ years of legal services with his colleagues opposed to LaPlante's 20 plus years of legal experience.

The Chairman opined that he liked the presentation of LaPlante Sowa Goldman. However, the Chairman expressed concern with the past incidents of Mr. Watson which may taint the Board and bring negative attention to the Board by the media. The Chairman suggested that the RFP be re-advertised to wit, one ad for general legal counsel and one ad for rate counsel. Board Member Inman opined that two separate legal counsels will result in more legal fees.

It was moved by Board Member Inman to select Mr. Watson as legal counsel at the rate of \$150/hour and at a fixed rate subject to negotiation with General Manager and it was seconded by Board Member Masterson and the Board voted as follows: the Chairman and Board Member Giorgio voted in the Negative; Board Member Inman and Board Member Masterson voted in the Affirmative and Board Member Gallucci abstained from the vote.

(Board Member Inman left the meeting at 5:15 p.m.)

The Chairman made a motion to go to discussion regarding selection of Legal Counsel and it was seconded by Board Member Giorgio and it was unanimously,

VOTED: To enter into general discussion regarding selection of Legal Counsel.

The General Manager reiterated to the Board that a letter of engagement is required to select legal counsel under the Act. The fee for legal counsel can be negotiated.

PUC/DPUC Legal Representation

The Chairman made a motion to draft two separate ads for general legal counsel and rate/regulatory counsel.

It was moved by the Chairman and seconded by Board Member Gallucci to approve two separate ads for general legal counsel and rate/regulatory counsel and it was unanimously,

VOTED: To approve two separate ads for general legal counsel and rate/regulatory counsel.

The General Manager will draft a separate ad for regulatory(and PUC) legal counsel.

Legal Council Existing Cases Carry Over

Board Member Gallucci recommended that Petrarca and McGair, Inc. continue representation with respect to the matters pending on “Legal Outstanding Updated July 28, 2012” as evidenced and attached as “**B**”.

It was moved by Board Member Inman and seconded by Board Member Gallucci to have Petrarca and McGair, Inc. continue legal outstanding matters as evidenced and attached as “**B**” until the Board selects new legal counsel and it was unanimously,

VOTED: To have Petrarca and McGair, Inc. continue legal outstanding matters as evidenced and attached as “**B**” until the Board selects new legal counsel.

Stenographic Record/State MPA/Minutes of Meeting

The General Manager stated that it may be less expensive to engage a stenographer for recording of the minutes. Board Member Inman suggested that the attorney bring a laptop to the meetings for recording of the minutes. General discussion ensued. No action was taken.

New Business:

Contract Preparation

Tank Inspection

The General Manager informed the Board that an RFP for divers for inspection of the tank has been disseminated.

Tech Park Tank Repairs

The General Manager informed the Board that the tank has been inspected with a remote (video) vehicle on July 19, 2012.

CAPITAL PROJECTS:

INFRASTRUCTURE PROJECTS

All Capital and Infrastructure Projects were addressed by the General Manager and described to the Board by the General Manager with general discussion following and are evidenced and attached as “**C**”.

Board Member Gallucci made a Motion to adjourn, seconded by Board Member Masterson and it was unanimously voted by the Board Members present,

VOTED: To adjourn the meeting at 5:35 p.m.

Secretary Pro Tempore